



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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David A. Vaudt, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE

May 7, 2010

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Carroll County, Iowa.

The County had local tax revenue of \$25,419,509 for the year ended June 30, 2009, which included \$902,428 in tax credits from the state. The County forwarded \$19,004,037 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$6,415,472 of the local tax revenue to finance County operations, a 4.8 percent increase over the prior year. Other revenues included charges for service of \$2,460,026, operating grants and contributions of \$4,812,272, capital grants and contributions of \$627,514, local option sales tax of \$945,460, unrestricted investment earnings of \$243,507 and other general revenues of \$213,239.

Expenses for County operations totaled \$14,385,423, a 4.9 percent decrease from the prior year. Expenses included \$5,029,899 for roads and transportation, \$2,656,722 for mental health and \$2,512,149 for public safety and legal services.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/index.html>.

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CARROLL COUNTY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2009

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Carroll County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2009)		
Del McDermott	Board of Supervisors	Jan 2009
Eugene Meiners	Board of Supervisors	Jan 2009
Neil I. Trobak	Board of Supervisors	Jan 2009
Dan Nieland	Board of Supervisors	Jan 2011
Marty Danzer	Board of Supervisors	Jan 2011
Joan Schettler	County Auditor	Jan 2009
Peggy Weitl	County Treasurer	Jan 2011
Marilyn Dopheide	County Recorder	Jan 2011
Douglas R. Bass	County Sheriff	Jan 2009
John Werden	County Attorney	Jan 2011
Diane S. Janning	County Assessor	Jan 2010
(After January 2009)		
Del McDermott	Board of Supervisors	(Deceased)
Sheryl Wegner (Appointed)	Board of Supervisors	Nov 2010
Dan Nieland	Board of Supervisors	Jan 2011
Marty Danzer	Board of Supervisors	Jan 2011
Eugene Meiners	Board of Supervisors	Jan 2013
Mark Beardmore	Board of Supervisors	Jan 2013
Joan Schettler	County Auditor	Jan 2013
Peggy Weitl	County Treasurer	Jan 2011
Marilyn Dopheide	County Recorder	Jan 2011
Douglas R. Bass	County Sheriff	Jan 2013
John Werden	County Attorney	Jan 2011
Diane S. Janning	County Assessor	Jan 2010

Carroll County



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Independent Auditor's Report

To the Officials of Carroll County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Carroll County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Carroll County's management. Our responsibility is to express opinions on these financial statements based on our audit.

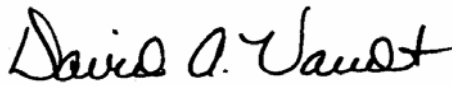
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Carroll County at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

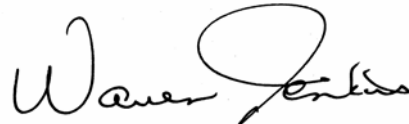
In accordance with Government Auditing Standards, we have also issued our report dated March 10, 2010 on our consideration of Carroll County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for Retiree Health Plan on pages 7 through 13 and 50 through 54 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2002 (which are not presented herein) and expressed a qualified opinion on those financial statements due to the effects of the omission of the general fixed assets account group. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 10, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Carroll County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

Beginning capital assets and net assets have been restated to include land not reported in the prior year ending balances and correct accumulated depreciation. Also, long-term liabilities were restated to include a conservation land loan not previously reported. The restatement increased the beginning balances for capital assets, net assets and long-term liabilities by \$920,286, \$722,428 and \$197,858, respectively.

2009 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 5.1%, or approximately \$842,000, from fiscal year 2008 to fiscal year 2009. Property tax revenue increased approximately \$349,000, charges for service decreased approximately \$154,000, operating grants and contributions decreased approximately \$350,000, capital grants and contributions decreased approximately \$584,000 and unrestricted investment earnings decreased approximately \$103,000.
- Governmental activities expenses decreased 4.9%, or approximately \$742,000, in fiscal year 2009 from fiscal year 2008. County environment and education expenses decreased approximately \$157,000, non-program expenses decreased approximately \$151,000 and mental health expenses decreased approximately \$433,000.
- Governmental activities net assets increased 3.5%, or approximately \$1,232,000, from June 30, 2008 to June 30, 2009.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Carroll County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Carroll County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Carroll County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) Proprietary funds account for the County's Internal Service, Employee Group Health Fund and the Enterprise, Mt. Carmel Sewer Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Carroll County's combined net assets increased from a year ago, from approximately \$35.1 million to approximately \$36.4 million. The analysis that follows focuses on the changes in the net assets.

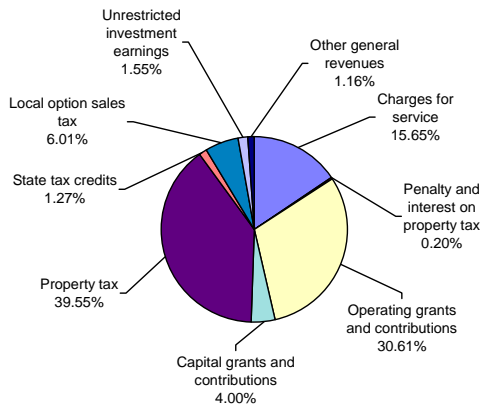
Net Assets of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2009	2008 (as restated)	2009	2008	2009	2008 (as restated)
Current and other assets	\$ 17,309	15,611	25	-	17,334	15,611
Capital assets	26,788	27,236	405	-	27,193	27,236
Total assets	44,097	42,847	430	-	44,527	42,847
Long-term liabilities	551	625	330	-	881	625
Other liabilities	7,229	7,137	-	-	7,229	7,137
Total liabilities	7,780	7,762	330	-	8,110	7,762
Net assets:						
Invested in capital assets, net of related debt	26,500	26,798	75	-	26,575	26,798
Restricted	5,499	4,330	-	-	5,499	4,330
Unrestricted	4,318	3,957	25	-	4,343	3,957
Total net assets	\$ 36,317	35,085	100	-	36,417	35,085

Net assets of Carroll County's governmental activities increased 3.5% (from approximately \$35.1 million to approximately \$36.3 million). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—increased from approximately \$3,957,000 at June 30, 2008 to approximately \$4,318,000 at the end of this year, an increase of 9.1%.

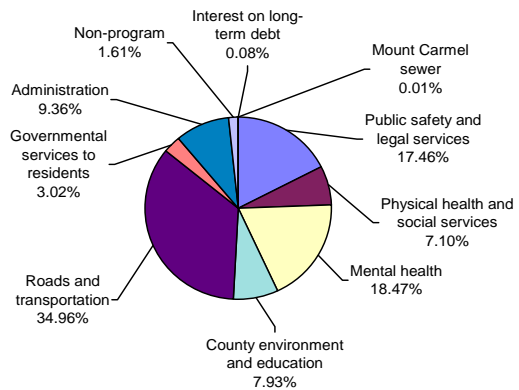
Changes in Net Assets of Governmental and Business Type Activities
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total	
	June 30,		June 30,		June 30,	
	2009	2008 (as restated)	2009	2008	2009	2008 (as restated)
Revenues:						
Program revenues:						
Charges for service	\$ 2,451	2,605	9	-	2,460	2,605
Operating grants and contributions	4,812	5,162	-	-	4,812	5,162
Capital grants and contributions	554	1,138	74	-	628	1,138
General revenues:						
Property tax	6,216	5,867	-	-	6,216	5,867
Penalty and interest on property tax	32	41	-	-	32	41
State tax credits	200	257	-	-	200	257
Local option sales tax	945	811	-	-	945	811
Unrestricted investment earnings	243	346	-	-	243	346
Gain on disposition of capital assets	-	73	-	-	-	73
Other general revenues	182	177	-	-	182	177
Total revenues	<u>15,635</u>	<u>16,477</u>	<u>83</u>	<u>-</u>	<u>15,718</u>	<u>16,477</u>
Program expenses:						
Public safety and legal services	2,512	2,500	-	-	2,512	2,500
Physical health and social services	1,022	966	-	-	1,022	966
Mental health	2,657	3,090	-	-	2,657	3,090
County environment and education	1,141	1,298	-	-	1,141	1,298
Roads and transportation	5,030	5,030	-	-	5,030	5,030
Governmental services to residents	434	457	-	-	434	457
Administration	1,346	1,388	-	-	1,346	1,388
Non-program	231	382	-	-	231	382
Interest on long-term debt	11	15	-	-	11	15
Mount Carmel sewer	-	-	2	-	2	-
Total expenses	<u>14,384</u>	<u>15,126</u>	<u>2</u>	<u>-</u>	<u>14,386</u>	<u>15,126</u>
Excess of revenues over expenses	1,251	1,351	81	-	1,332	1,351
Operating transfers, net	(19)	-	19	-	-	-
Change in net assets	<u>1,232</u>	<u>1,351</u>	<u>100</u>	<u>-</u>	<u>1,332</u>	<u>1,351</u>
Net assets beginning of year, as restated	<u>35,085</u>	<u>33,734</u>	<u>-</u>	<u>-</u>	<u>35,085</u>	<u>33,734</u>
Net assets end of year	<u>\$ 36,317</u>	<u>35,085</u>	<u>100</u>	<u>-</u>	<u>36,417</u>	<u>35,085</u>

Revenues by Source



Expenditures by Program



Carroll County's governmental activities net assets increased approximately \$1,232,000 during the year. Revenues for governmental activities decreased approximately \$842,000 from the prior year and capital grants and contributions decreased approximately \$584,000, or 51.3% from the prior year. The decrease was primarily the result of a decrease in contributions for county environment and education due to prior year land donations to Carroll County of approximately \$455,000.

The cost of all governmental activities this year was approximately \$14.4 million compared to approximately \$15.1 million last year. However, as shown in the Statement of Activities on pages 18 and 19, the amount taxpayers ultimately financed for these activities was approximately \$6.6 million because some of the cost was paid by those directly benefited from the programs (approximately \$2,451,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$5,366,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased from approximately \$8,905,000 in fiscal year 2008 to approximately \$7,817,000 in fiscal year 2009, principally due to a decrease in contributions for roads from the State of Iowa to Carroll County as well as a decrease in donated assets. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$7,818,000 in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Carroll County completed the year, its governmental funds reported a combined fund balance of approximately \$9 million, an increase of approximately \$1,459,000 from last year's total of approximately \$7.6 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues exceeded expenditures for fiscal year 2009. The ending fund balance increased approximately \$104,000 over the prior year to approximately \$3,654,000. Though the ending fund balance increased, revenues overall decreased approximately \$545,000, or 8.2%, to approximately \$6,131,000. The decrease in revenues is primarily due to a decrease in intergovernmental revenues, as well as a decrease in interest due to reduced rates on investments.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$2,625,000, a decrease of approximately \$478,000, or 15.4%, from the prior year. The decrease is primarily due to the increase federal Medicaid match applied by the State to the invoices received by the County which reduced the amount due from the County. The Mental Health Fund balance at year end increased approximately \$574,000 over the prior year to approximately \$978,000.
- The revenues of the Rural Services Fund increased approximately \$480,000, primarily due to an increase in the rural service tax levy from \$2.48377 per \$1,000 of taxable valuation to \$2.97815 per \$1,000 of taxable valuation. The ending fund balance increased approximately \$51,000 from June 30, 2008 to June 30, 2009.
- The Secondary Roads Fund ending fund balance increased approximately \$629,000 over the prior year to approximately \$3,440,000. This increase is due to total revenues and other financing sources exceeding total expenditures for fiscal year 2009. Expenditures decreased approximately \$38,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, Carroll County amended its budget two times. The first amendment was made in August 2008 and resulted in an increase in disbursements of \$1,452,000 related primarily to the Mt. Carmel and Maple River wastewater projects, capital projects at Mallard View and the courthouse, gravel and worker's compensation insurance.

The second amendment was made in April 2009. This amendment was made to increase disbursements approximately \$28,000, primarily due to grants, FEMA reimbursed repairs and equipment, juvenile costs and data processing equipment.

The County's total receipts were \$315,446 more than budgeted, a variance of 2%. The most significant variance resulted from the County receiving more miscellaneous receipts than anticipated.

Total disbursements were \$2,472,271 less than the amended budget. Actual disbursements for the roads and transportation and mental health functions were approximately \$1,061,000 and \$573,000, respectively, less than budgeted. The difference in the roads and transportation function was primarily due to less gravel purchased because stockpiles were not replenished, less equipment purchased because units did not arrive and purchases were deferred to fiscal year 2010 and less spent on fuel because of the approximately \$2 per gallon decrease in the price of fuel.

Mental health disbursements were down primarily due to the increase in the federal Medicaid match.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, Carroll County had approximately \$26.8 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net decrease of approximately \$448,000, or 1.6%, from last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2009	2008 (as restated)
Land	\$ 1,583	1,551
Buildings	4,448	4,525
Equipment and vehicles	3,105	3,198
Infrastructure	17,652	17,962
Total	\$ 26,788	27,236

This year's major additions included (in thousands):

Capital assets contributed by the Iowa Department of Transportation	\$ 365
Donated land	32
Secondary roads infrastructure	361
Secondary roads equipment	38
Courthouse building improvements	17
Ambulance equipment	75
County Sheriff, Conservation and Veterans Affairs vehicles	106
Office equipment	45
Other	147
Total	\$ 1,186

The County had depreciation expense of approximately \$1,603,000 in fiscal year 2009 and total accumulated depreciation of approximately \$22,782,000 at June 30, 2009.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2009, Carroll County had \$617,852 in long-term debt outstanding, compared to \$437,858 at June 30, 2008.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Carroll County's outstanding debt is significantly below its constitutional debt limit of approximately \$65.3 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Carroll County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County at June 2009 was 4.2% versus 3.1% the previous year.

These indicators were taken into account when adopting the budget for fiscal year 2010. Amounts available for appropriation in the operating budget are approximately \$15.9 million, a decrease of 4.2% from the final fiscal year 2009 budget. The County has added no major new programs or initiatives to the fiscal year 2010 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$903,000 by the close of fiscal year 2009.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Carroll County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Carroll County Auditor's Office, 114 E. 6th, Carroll Iowa, 51401.

Carroll County

Basic Financial Statements

Carroll County

Carroll County
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments:			
County Treasurer	\$ 9,137,152	22,879	9,160,031
Conservation Foundation	56,521	-	56,521
Receivables:			
Property tax:			
Delinquent	7,789	-	7,789
Succeeding year	6,488,000	-	6,488,000
Interest and penalty on property tax	76,240	-	76,240
Accounts (net of allowance for doubtful accounts of \$16,975)	91,658	1,579	93,237
Accrued interest	49,571	-	49,571
Drainage assessments	3,329	-	3,329
Due from other governments	518,891	-	518,891
Inventories	808,178	-	808,178
Prepaid expenses	72,116	-	72,116
Capital assets (net of accumulated depreciation)	26,787,918	405,289	27,193,207
Total assets	44,097,363	429,747	44,527,110
Liabilities			
Accounts payable	381,171	12	381,183
Accrued interest payable	7,150	-	7,150
Salaries and benefits payable	16,701	-	16,701
Due to other governments	336,000	-	336,000
Deferred revenue:			
Succeeding year property tax	6,488,000	-	6,488,000
Long-term liabilities:			
Portion due or payable within one year:			
Bank loan	80,000	-	80,000
Conservation land loan	39,340	-	39,340
Capital loan anticipation note	-	329,987	329,987
Compensated absences	175,206	-	175,206
Portion due or payable after one year:			
Bank loan	80,000	-	80,000
Conservation land loan	88,525	-	88,525
Compensated absences	19,467	-	19,467
Net OPEB liability	68,511	-	68,511
Total liabilities	7,780,071	329,999	8,110,070
Net Assets			
Invested in capital assets, net of related debt	26,500,053	75,302	26,575,355
Restricted for:			
Supplemental levy purposes	373,244	-	373,244
Mental health purposes	978,275	-	978,275
Secondary roads purposes	3,350,749	-	3,350,749
Capital projects	424,221	-	424,221
Debt service	4,463	-	4,463
Other purposes	368,175	-	368,175
Unrestricted	4,318,112	24,446	4,342,558
Total net assets	\$ 36,317,292	99,748	36,417,040

See notes to financial statements.

Carroll County
Statement of Activities
Year ended June 30, 2009

		Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
	Expenses			
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 2,512,149	1,068,836	78,231	-
Physical health and social services	1,021,660	335,232	241,905	-
Mental health	2,656,722	799	1,500,129	-
County environment and education	1,141,467	138,502	202,908	168,569
Roads and transportation	5,029,899	369,769	2,789,099	385,135
Governmental services to residents	434,136	332,054	-	-
Administration	1,345,774	87,680	-	-
Non-program	230,757	118,533	-	-
Interest on long-term debt	11,002	-	-	-
Total governmental activities	14,383,566	2,451,405	4,812,272	553,704
Business type activities:				
Mt. Carmel sewer	1,857	8,621	-	73,810
Total	\$ 14,385,423	2,460,026	4,812,272	627,514

General Revenues:

Property and other county tax levied for:
 General purposes
 Debt service
 Tax increment financing
Penalty and interest on property tax
State tax credits
Local option sales tax
Unrestricted investment earnings
Miscellaneous
Transfers

Total general revenues and transfers

Change in net assets

Net assets beginning of year, as restated

Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
(1,365,082)	-	(1,365,082)
(444,523)	-	(444,523)
(1,155,794)	-	(1,155,794)
(631,488)	-	(631,488)
(1,485,896)	-	(1,485,896)
(102,082)	-	(102,082)
(1,258,094)	-	(1,258,094)
(112,224)	-	(112,224)
(11,002)	-	(11,002)
(6,566,185)	-	(6,566,185)
-	80,574	80,574
(6,566,185)	80,574	(6,485,611)
6,090,400	-	6,090,400
88,367	-	88,367
36,999	-	36,999
31,877	-	31,877
199,706	-	199,706
945,460	-	945,460
243,455	52	243,507
181,362	-	181,362
(19,122)	19,122	-
7,798,504	19,174	7,817,678
1,232,319	99,748	1,332,067
35,084,973	-	35,084,973
\$ 36,317,292	99,748	36,417,040

Carroll County
Balance Sheet
Governmental Funds

June 30, 2009

	General	Mental Health
Assets		
Cash and pooled investments:		
County Treasurer	\$ 3,456,512	1,250,164
Conservation Foundation	-	-
Receivables:		
Property tax:		
Delinquent	4,989	2,415
Succeeding year	3,449,000	1,727,000
Interest and penalty on property tax	76,240	-
Accounts (net of allowance for doubtful accounts of \$16,975)	89,536	-
Accrued interest	45,660	-
Drainage assessments	-	-
Due from other funds	-	-
Due from other governments	157,605	53,752
Inventories	-	-
Prepaid items	65,062	-
Total assets	\$ 7,344,604	3,033,331
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 99,757	26,069
Salaries and benefits payable	16,022	679
Due to other funds	5,015	112
Due to other governments	39,829	296,018
Deferred revenue:		
Succeeding year property tax	3,449,000	1,727,000
Other	81,229	5,911
Total liabilities	3,690,852	2,055,789
Fund balances:		
Reserved for:		
Supplemental levy purposes	384,610	-
Debt service	-	-
Unreserved, reported in:		
General fund	3,269,142	-
Special revenue funds	-	977,542
Capital projects fund	-	-
Total fund balances	3,653,752	977,542
Total liabilities and fund balances	\$ 7,344,604	3,033,331

See notes to financial statements.

Special Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
146,862	2,510,330	707,364	8,071,232
-	-	56,521	56,521
222	-	163	7,789
1,224,000	-	88,000	6,488,000
-	-	-	76,240
-	2,122	-	91,658
-	-	-	45,660
-	-	3,329	3,329
-	5,127	-	5,127
34,568	231,327	41,639	518,891
-	808,178	-	808,178
-	7,054	-	72,116
1,405,652	3,564,138	897,016	16,244,741
178	123,109	12,157	261,270
-	-	-	16,701
-	-	-	5,127
-	153	-	336,000
1,224,000	-	88,000	6,488,000
222	1,207	3,719	92,288
1,224,400	124,469	103,876	7,199,386
-	-	-	384,610
-	-	4,300	4,300
-	-	-	3,269,142
181,252	3,439,669	364,619	4,963,082
-	-	424,221	424,221
181,252	3,439,669	793,140	9,045,355
1,405,652	3,564,138	897,016	16,244,741

Carroll County

Carroll County

Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Assets

June 30, 2009

Total governmental fund balances (page 21) \$ 9,045,355

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$49,569,432 and the accumulated depreciation is \$22,781,514. 26,787,918

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 92,288

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 949,930

Long-term liabilities, including bank loan payable, conservation land loan payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (558,199)

Net assets of governmental activities (page 17) \$ 36,317,292

See notes to financial statements.

Carroll County
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2009

	General	Mental Health
Revenues:		
Property and other county tax	\$ 3,370,308	1,630,635
Local option sales tax	-	-
Interest and penalty on property tax	18,935	-
Tax increment financing	-	-
Intergovernmental	582,626	1,551,668
Licenses and permits	127,666	-
Charges for service	1,636,161	799
Use of money and property	321,668	-
Miscellaneous	73,976	15,943
Total revenues	<u>6,131,340</u>	<u>3,199,045</u>
Expenditures:		
Operating:		
Public safety and legal services	2,314,187	-
Physical health and social services	1,039,186	-
Mental health	-	2,625,463
County environment and education	802,538	-
Roads and transportation	-	-
Governmental services to residents	436,620	-
Administration	1,200,100	-
Non-program	97,961	-
Debt service	-	-
Capital projects	-	-
Total expenditures	<u>5,890,592</u>	<u>2,625,463</u>
Excess (deficiency) of revenues over (under) expenditures	<u>240,748</u>	<u>573,582</u>
Other financing sources (uses):		
Operating transfers in	-	-
Operating transfers out	(137,000)	-
Total other financing sources (uses)	<u>(137,000)</u>	<u>-</u>
Net change in fund balances	103,748	573,582
Fund balances beginning of year	<u>3,550,004</u>	<u>403,960</u>
Fund balances end of year	<u>\$ 3,653,752</u>	<u>977,542</u>

See notes to financial statements.

Special Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
1,062,100	-	88,480	6,151,523
505,450	-	440,010	945,460
-	-	-	18,935
-	-	36,999	36,999
45,436	2,931,188	127,774	5,238,692
9,060	9,412	-	146,138
-	-	9,829	1,646,789
-	-	306	321,974
-	468,157	136,569	694,645
1,622,046	3,408,757	839,967	15,201,155
322,914	-	16,128	2,653,229
-	-	-	1,039,186
-	-	-	2,625,463
139,815	-	180,019	1,122,372
25,000	3,586,574	164,207	3,775,781
-	-	27,652	464,272
-	-	77,180	1,277,280
-	-	36,714	134,675
-	-	91,002	91,002
-	413,530	145,566	559,096
487,729	4,000,104	738,468	13,742,356
1,134,317	(591,347)	101,499	1,458,799
-	1,220,000	-	1,220,000
(1,083,000)	-	-	(1,220,000)
(1,083,000)	1,220,000	-	-
51,317	628,653	101,499	1,458,799
129,935	2,811,016	691,641	7,586,556
181,252	3,439,669	793,140	9,045,355

Carroll County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances -
Governmental Funds to the Statement
of Activities

Year ended June 30, 2009

Net change in fund balances - Total governmental funds (page 25) \$ 1,458,799

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures and contributed capital assets in the current year, as follows:

Expenditures for capital assets	\$ 788,689	
Capital assets contributed by other governments	397,384	
Depreciation expense	<u>(1,602,952)</u>	(416,879)

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.

(31,156)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	10,704	
Other	<u>(106,922)</u>	(96,218)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

149,993

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(7,311)	
Other postemployment benefits	(68,511)	
Interest on long-term debt	<u>(7,150)</u>	(82,972)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.

250,752

Change in net assets of governmental activities (page 19)

\$ 1,232,319

See notes to financial statements.

Carroll County
Statement of Net Assets
Proprietary Funds

June 30, 2009

	Business Type Activities Nonmajor Enterprise - Mt. Carmel Sewer	Governmental Activities Internal Service - Employee Group Health
Assets		
Current assets:		
Cash and pooled investments	\$ 22,879	1,065,920
Receivables:		
Accrued interest	-	3,911
Accounts	1,579	-
Capital assets, net of accumulated depreciation	405,289	-
Total assets	429,747	1,069,831
Liabilities		
Current liabilities:		
Accounts payable	12	119,901
Capital loan anticipation note	329,987	-
Total liabilities	329,999	119,901
Net Assets		
Invested in capital assets	75,302	-
Unrestricted	24,446	949,930
Total net assets	\$ 99,748	949,930

See notes to financial statements.

Carroll County
Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Funds

Year ended June 30, 2009

	Business Type Activities	Governmental Activities
	Nonmajor	Internal
	Enterprise - Mt. Carmel	Service - Employee
	Sewer	Group Health
Operating revenues:		
Reimbursements from operating funds	\$ -	880,479
Reimbursements from employees	-	158,991
Charges for service	8,621	-
Total operating revenues	<u>8,621</u>	<u>1,039,470</u>
Operating expenses:		
Medical claims	-	613,691
Administrative fees	-	189,272
Miscellaneous	1,857	-
Total operating expenses	<u>1,857</u>	<u>802,963</u>
Operating income	<u>6,764</u>	<u>236,507</u>
Non-operating revenues (expenses):		
Interest income	52	14,245
State and federal grants	73,810	-
Total nonoperating revenues (expenses)	<u>73,862</u>	<u>14,245</u>
Net income before contributions	80,626	250,752
Capital contributions	19,122	-
Change in net assets	99,748	250,752
Net assets beginning of year	-	699,178
Net assets end of year	<u>\$ 99,748</u>	<u>949,930</u>

See notes to financial statements.

Carroll County
Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2009

	Business Type Activities Nonmajor Enterprise - Mt. Carmel Sewer	Governmental Activities Internal Service - Employee Group Health
Cash flows from operating activities:		
Cash received from operating fund reimbursements	\$ -	880,479
Cash received from employees and others	-	158,991
Cash received from sewer fees	7,042	-
Cash paid to suppliers for services	(1,845)	(785,416)
Net cash provided by operating activities	5,197	254,054
Cash flows from investing activities:		
Interest on investments	52	10,334
Cash flows from capital and related financing activities:		
Bank loan proceeds	379,987	
Non-operating grant proceeds received	73,810	-
Bank loan principal paid	(50,000)	-
Acquisition of capital assets	(386,167)	-
Net cash provided by capital and related financing activities	17,630	-
Net increase in cash and cash equivalents	22,879	264,388
Cash and cash equivalents beginning of year	-	801,532
Cash and cash equivalents end of year	\$ 22,879	1,065,920
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 6,764	236,507
Adjustments to reconcile operating income to net cash provided by operating activities:		
(Increase) in accounts receivable	(1,579)	-
Increase in accounts payable	12	17,547
Net cash provided by operating activities	\$ 5,197	254,054

See notes to financial statements.

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, capital assets of \$19,122 were contributed to the Enterprise, Mt. Carmel Sewer Fund by the Capital Projects Fund.

Carroll County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

Assets

Cash and pooled investments:

County Treasurer	\$ 1,107,015
Other County officials	26,729

Receivables:

Property tax:

Delinquent	43,923
Succeeding year	19,021,000

Accounts	29,117
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Due from other governments	9,373
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Total assets	<u>20,237,157</u>
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Liabilities

Accounts payable	18,322
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Due to other governments	20,193,855
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Trusts payable	21,971
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Compensated absences	3,009
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Total liabilities	<u>20,237,157</u>
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Net assets	<u><u>\$ -</u></u>
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See notes to financial statements.

Carroll County

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

Carroll County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Carroll County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Carroll County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Carroll County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Carroll County Auditor's Office.

The Carroll County Conservation Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Carroll County Conservation Board. These donations were expended to finance the Sauk Rail Trail and the Conservation Education Center and were not included in the County's budget. The financial transactions of this component unit have been reported in the Special Revenue and Capital Projects Funds.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Carroll County Assessor's Conference Board, Carroll County Emergency Management Commission and County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

In addition, the County Board of Supervisors are members of or appoint representatives to: West Central Iowa Sheltered Workshop (WESCO), Carroll Area Solid Waste Management Commission, Region XII Council of Governments, Youth Emergency Services (Y.E.S.), Jackson Recovery Center and Resource, Conservation and Development.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary roads construction and maintenance.

Additionally, the County reports the following proprietary funds:

An Enterprise Fund is utilized to account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

The following fiduciary funds are also reported:

Agency Funds are used to account for assets held by the County as an agency for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

The proprietary funds of the County apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Delinquent drainage assessments receivable represent assessments which are due and payable but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land and buildings	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings	30 - 50
Infrastructure	15 - 65
Equipment	2 - 40
Vehicles	4 - 10

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets – The net assets of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had an investment in the Iowa Public Agency Investment Trust which is valued at an amortized cost of \$185,000 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2009 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:	General	\$ 5,015
Secondary Roads	Special Revenue:	
	Mental Health	112
Total		<u>\$ 5,127</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 137,000
	Special Revenue:	
	Rural Services	1,083,000
Total		<u>\$ 1,220,000</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year (as restated)	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,551,131	32,000	-	1,583,131
Construction in progress	-	726,620	(726,620)	-
Total capital assets not being depreciated	1,551,131	758,620	(726,620)	1,583,131
Capital assets being depreciated:				
Buildings	6,396,837	56,777	-	6,453,614
Improvements other than buildings	-	11,050	-	11,050
Equipment and vehicles	7,362,175	387,126	(235,278)	7,514,023
Infrastructure, road network	33,280,994	726,620	-	34,007,614
Infrastructure, other	50,496	-	(50,496)	-
Total capital assets being depreciated	47,090,502	1,181,573	(285,774)	47,986,301
Less accumulated depreciation for:				
Buildings	1,872,124	144,271	-	2,016,395
Improvements other than buildings	-	368	-	368
Equipment and vehicles	4,164,250	459,842	(214,999)	4,409,093
Infrastructure, road network	15,359,207	996,451	-	16,355,658
Infrastructure, other	10,099	2,020	(12,119)	-
Total accumulated depreciation	21,405,680	1,602,952	(227,118)	22,781,514
Total capital assets being depreciated, net	25,684,822	(421,379)	(58,656)	25,204,787
Governmental activities capital assets, net	\$ 27,235,953	337,241	(785,276)	26,787,918

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 132,581
Physical health and social services	2,249
County environment and education	77,261
Roads and transportation	1,280,813
Governmental services to residents	41,145
Administration	68,903
Total depreciation expense - governmental activities	<u>\$ 1,602,952</u>

Business type activities capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Balance End of Year
Business type activities:			
Capital assets not being depreciated:			
Land	\$ -	25,302	25,302
Construction in progress	-	379,987	379,987
Total capital assets not being depreciated	\$ -	405,289	405,289

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	\$ 39,829
Special Revenue:		
Mental Health	Services	296,018
Secondary Roads	Services	153
		296,171
Total for governmental funds		\$ 336,000
Agency:		
Agricultural Extension Education	Collections	\$ 170,675
County Assessor		398,624
Schools		10,527,129
Community Colleges		514,082
Corporations		7,570,091
Townships		247,183
Auto License and Use Tax		466,202
E911 Service Commission		125,664
All other		174,205
Total for agency funds		\$ 20,193,855

(7) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	Bank Loan	Conser- vation Land Loan	Compen- sated Absences	Net OPEB Liability	Total
Governmental activities:					
Balance beginning of year, as restated	\$ 240,000	197,858	187,362	-	625,220
Increases	-	-	246,269	68,511	314,780
Decreases	80,000	69,993	238,958	-	388,951
Balance end of year	\$ 160,000	127,865	194,673	68,511	551,049
Due within one year	\$ 80,000	39,340	175,206	-	294,546

	Capital Loan Anticipation Note
Business type activities:	
Balance beginning of year	\$ -
Increases	379,987
Decreases	50,000
Balance end of year	<u>\$ 329,987</u>
Due within one year	<u>\$ 329,987</u>

Bank Loan

On December 26, 2006, the County entered into a bank loan with Carroll County State Bank, Carroll, Iowa for \$400,000 to finance improvements to the Carroll County courthouse. The terms of the bank loan provide for five annual payments of principal with interest at 4.94% per annum, beginning June 1, 2007, with annual principal payments of \$80,000 plus interest. During the year ended June 30, 2009, the County paid \$80,000 and \$11,856 of principal and interest, respectively. The unpaid balance at June 30, 2009 totaled \$160,000. A summary of the County's obligation under the loan dated December 26, 2006 is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2010	4.94%	\$ 80,000	7,904	87,904
2011	4.94	80,000	3,952	83,952
Total		<u>\$ 160,000</u>	<u>11,856</u>	<u>171,856</u>

Conservation Land Loan

On August 8, 2007, the Iowa Natural Heritage Foundation entered into a bank loan with Breda Savings Bank, Breda, Iowa for \$245,000 to finance the acquisition of two 40-acre parcels of land in Carroll County. The terms of the bank loan provide for five annual payments of principal and interest at 5.80% per annum, beginning August 1, 2008, with annual principal and interest payments of \$40,000 plus interest with a balloon payment of \$139,927 due on August 1, 2012. On May 1, 2007, the Carroll County Conservation Board signed an agreement with the Iowa Natural Heritage Foundation to make the debt payments until the loan is paid off. At the time the loan is paid off, the Iowa Natural Heritage Foundation intends to donate the property to the Carroll County Conservation Board or will reimburse the Conservation Board all funds contributed. During the year ended June 30, 2009, the County paid principal and interest of \$69,993 and \$8,007, respectively. The unpaid balance at June 30, 2009 totaled \$127,865. A summary of the County's obligation under the loan dated August 8, 2007 is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2010	5.80%	\$ 39,340	660	40,000
2011	5.80	34,750	5,250	40,000
2012	5.80	36,766	3,234	40,000
2013	5.80	17,009	987	17,996
Total		<u>\$ 127,865</u>	<u>10,131</u>	<u>137,996</u>

Capital Loan Anticipation Note

On August 25, 2008, the County issued a \$400,000 in Sewer Capital Loan Anticipation Note, Series 2008 with a 4.25% fixed interest rate, to Westside State Bank. The proceeds were used to pay the costs of improvements and extensions to the Mt. Carmel Sewer Utility System, including the costs associated with the acquisition, construction and installation of sanitary sewer improvements, extensions and onsite systems in the Mt. Carmel area. The County agreed to repay the note and interest at maturity on October 1, 2009. At that time, the County will repay the loan with grant revenues received from the U.S. Department of Agriculture and a \$134,000 U.S. Department of Agriculture Sewer Revenue Capital Loan Note bearing interest at 3.375% per annum and payments of \$516 per month beginning November 1, 2010 and continuing until the principal and interest are fully paid, except the final installment of the entire balance of principal and interest, if not paid sooner, shall become due and payable on October 1, 2049.

(8) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.10% of their annual covered salary and the County is required to contribute 6.35% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$291,235, \$261,427 and \$251,665, respectively, equal to the required contributions for each year.

(9) Risk Management

The County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and

payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2009 were \$89,256.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in the aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Other Postemployment Benefits (OPEB)

Carroll County implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions, during the year ended June 30, 2009.

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 110 active and 6 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits, which is a partially self-funded medical plan, is administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 99,735
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>99,735</u>
Contributions made	<u>(31,224)</u>
Increase in net OPEB obligation	68,511
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u><u>\$ 68,511</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the County contributed \$31,224 to the medical plan. Plan members eligible for benefits contributed \$30,819, or 49.7% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 99,735	31.3%	\$ 68,511

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$898,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$898,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,026,000 and the ratio of the UAAL to covered payroll was 22.3%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Combined Annuity Mortality Table projected to 2010 using scale AA. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Current claim costs of the medical plan are \$352 per month for retirees and \$721 for retirees and spouse less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(11) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2009 was \$880,479.

Amounts payable from the Internal Service Fund at June 30, 2009 total \$119,901, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$949,930 at June 30, 2009 and is reported as a designation of the Internal Service, Employee Group Health Fund Net Assets. A liability has been established based on the

requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 102,354
Incurred claims (including claims incurred but not reported at June 30, 2009)	613,691
Payment on claims during the fiscal year	<u>596,144</u>
Unpaid claims end of year	<u>\$ 119,901</u>

(12) Revenue Bonds

On September 29, 2003, the County issued \$10,000,000 of Hospital Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of Saint Anthony Regional Hospital to renovate the existing third floor and other areas of the hospital and to construct and equip an addition. The bonds are not a general obligation of the County, but are payable solely from the net revenues of Saint Anthony Regional Hospital. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of bonds.

On July 29, 2004, the County issued \$1,247,141 of revenue bonds in accordance with Chapter 419 of the Code of Iowa on behalf of the Manning Heritage Foundation to construct a convention center, hotel and restaurant. The bonds are not a general obligation of the County, but are payable solely from the net revenues of the Manning Heritage Foundation. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of bonds.

On November 22, 2006, the County issued \$6,575,000 of Hospital Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of Saint Anthony Regional Hospital to finance a portion of the cost of the construction of a four-story addition to the hospital, to equip the addition, and to add parking structures and a new surgery center. The bonds are not a general obligation of the County, but are payable solely from the net revenues of Saint Anthony Regional Hospital. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of the bonds.

On December 1, 2008, the County issued \$1,400,000 of Facility Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of New Opportunities Inc. for the purchase of land and a building and to equip the building to be used as a Head Start/Outreach facility. The bonds are not a general obligation of the County, but are payable solely from the net revenues of New Opportunities, Inc. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of the bonds.

(13) County Care Facility

On July 1, 1990, the management and operation of the Carroll County Care Facility was assumed by Mallard View, Inc. The agreement requires the operator to make monthly rental payments to the County and for the County to pay the operator for services rendered. This agreement was renewed for the period commencing on July 1, 2008 and ending on June 30, 2011.

(14) Developer Agreement

The County entered into a developer agreement on November 28, 2007 to assist in an urban renewal project with Templeton Crop Nutrients, LLC. The County agreed to rebate up to 100% of the incremental tax paid by the developer in exchange for the costs of constructing a new fertilizer storage and distribution facility. The incremental tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated semi-annually beginning in the fiscal year ended June 30, 2009 for five years. During the year ended June 30, 2009, \$36,999 was rebated to the developer, Templeton Crop Nutrients, LLC.

(15) Restatements

Beginning capital assets and net assets have been restated to include land not reported in the prior year ending balances and to correct accumulated depreciation. Also, long-term liabilities were restated to include a conservation land loan not previously reported. The restatement increased the beginning balances, as follows:

	Capital Assets	Net Assets	Long-term Liabilities
Balance at June 30, 2008, as previously reported	\$ 26,315,667	34,362,545	427,362
Previously unreported conservation land loan	-	(197,858)	197,858
Previously unreported land	455,000	455,000	-
Correction of accumulated depreciation	465,286	465,286	-
Balances at July 1, 2008, as restated	<u>\$ 27,235,953</u>	<u>35,084,973</u>	<u>625,220</u>

(16) Subsequent Events

On September 8, 2009, the County entered into a contract totaling \$622,025 for the Maple River sewer project for the purpose of making improvements and extensions to the Maple River sewer utility system, including costs associated with the acquisition, construction and installation of sanitary sewer improvements, extensions and onsite systems in the Maple River area of the County. On October 26, 2009, the County approved the issuance of not to exceed \$600,000 in sewer revenue capital loan notes.

Carroll County

Required Supplementary Information

Carroll County

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances -
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2009

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 7,136,922	-	7,136,922
Interest and penalty on property tax	34,685	-	34,685
Intergovernmental	5,262,736	27,237	5,235,499
Licenses and permits	152,171	-	152,171
Charges for service	1,630,051	-	1,630,051
Use of money and property	315,034	193	314,841
Miscellaneous	665,174	72,250	592,924
Total receipts	15,196,773	99,680	15,097,093
Disbursements:			
Public safety and legal services	2,637,068	-	2,637,068
Physical health and social services	1,023,078	-	1,023,078
Mental health	2,710,814	-	2,710,814
County environment and education	1,062,633	65,019	997,614
Roads and transportation	3,905,160	-	3,905,160
Governmental services to residents	464,182	-	464,182
Administration	1,268,952	-	1,268,952
Non-program	166,629	55,611	111,018
Debt service	91,002	-	91,002
Capital projects	930,276	-	930,276
Total disbursements	14,259,794	120,630	14,139,164
Excess (deficiency) of receipts over (under) disbursements	936,979	(20,950)	957,929
Other financing sources, net	379,987	-	379,987
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,316,966	(20,950)	1,337,916
Balance beginning of year	6,810,787	144,004	6,666,783
Balance end of year	\$ 8,127,753	123,054	8,004,699

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net Variance
7,086,992	7,086,992	49,930
30,000	30,000	4,685
4,861,672	5,215,122	20,377
83,400	83,400	68,771
1,412,770	1,552,770	77,281
345,034	345,034	(30,193)
433,700	468,329	124,595
14,253,568	14,781,647	315,446
2,776,914	2,848,193	211,125
1,071,335	1,086,335	63,257
3,279,504	3,283,414	572,600
1,044,843	1,098,243	100,629
4,600,800	4,965,800	1,060,640
533,950	536,218	72,036
1,150,027	1,409,427	140,475
175,000	175,000	63,982
91,900	91,900	898
406,905	1,116,905	186,629
15,131,178	16,611,435	2,472,271
(877,610)	(1,829,788)	2,787,717
-	400,000	(20,013)
(877,610)	(1,429,788)	2,767,704
4,800,916	4,800,916	1,865,867
3,923,306	3,371,128	4,633,571

Carroll County
Budgetary Comparison Schedule - Budget to GAAP Reconciliation
Required Supplementary Information
Year ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 15,196,773	4,382	15,201,155
Expenditures	14,259,794	517,438	13,742,356
Net	936,979	521,820	1,458,799
Other financing sources, net	379,987	(379,987)	-
Beginning fund balances	6,810,787	775,769	7,586,556
Ending fund balances	\$ 8,127,753	917,602	9,045,355

See accompanying independent auditor's report.

Carroll County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, Enterprise Funds, Internal Service Funds and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,480,257. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted.

Carroll County

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	-	\$ 898	898	0.0%	4,026	22.3%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Other Supplementary Information

Carroll County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2009

	Resource Enhance- ment and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
Assets			
Cash and pooled investments:			
County Treasurer	\$ 384	17,007	3
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Drainage assessments	-	-	-
Due from other governments	-	-	-
Total assets	\$ 384	17,007	3
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ -	-	-
Deferred revenue:			
Succeeding year property tax	-	-	-
Other	-	-	-
Total liabilities	-	-	-
Fund equity:			
Fund balances:			
Reserved for debt service	-	-	-
Unreserved, reported in:			
Special revenue funds	384	17,007	3
Capital projects fund	-	-	-
Total fund equity	384	17,007	3
Total liabilities and fund equity	\$ 384	17,007	3

See accompanying independent auditor's report.

Special Revenue						
Drainage Districts	Conservation Foundation	Local Option Sales Tax	County Attorney Collection	Debt Service	Capital Projects	Total
66,533	-	167,915	14,844	4,300	436,378	707,364
-	56,521	-	-	-	-	56,521
-	-	-	-	163	-	163
-	-	-	-	88,000	-	88,000
3,329	-	-	-	-	-	3,329
-	3,556	34,568	3,515	-	-	41,639
69,862	60,077	202,483	18,359	92,463	436,378	897,016
-	-	-	-	-	12,157	12,157
-	-	-	-	88,000	-	88,000
-	3,556	-	-	163	-	3,719
-	3,556	-	-	88,163	12,157	103,876
-	-	-	-	4,300	-	4,300
69,862	56,521	202,483	18,359	-	-	364,619
-	-	-	-	-	424,221	424,221
69,862	56,521	202,483	18,359	4,300	424,221	793,140
69,862	60,077	202,483	18,359	92,463	436,378	897,016

Carroll County

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2009

	Resource Enhance- ment and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
Revenues:			
Property and other county tax	\$ -	-	-
Local option sales tax	-	-	-
Tax increment financing	-	-	-
Intergovernmental	68,351	-	-
Charges for service	-	4,719	9
Use of money and property	33	80	-
Miscellaneous	-	-	-
Total revenues	68,384	4,799	9
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
County environment and education	68,000	-	-
Roads and transportation	-	-	-
Governmental services to residents	-	5,080	2,268
Administration	-	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	68,000	5,080	2,268
Excess (deficiency) of revenues over (under) expenditures	384	(281)	(2,259)
Fund balances beginning of year	-	17,288	2,262
Fund balances end of year	\$ 384	17,007	3

See accompanying independent auditor's report.

Special Revenue

Drainage Districts	Conservation Foundation	Local Option Sales Tax	Tax Increment Financing	County Attorney Collection	Debt Service	Capital Projects	Total
-	-	-	-	-	88,480	-	88,480
-	-	440,010	-	-	-	-	440,010
-	-	-	36,999	-	-	-	36,999
15,136	-	-	-	21,000	3,536	19,751	127,774
-	-	-	-	-	-	5,101	9,829
-	193	-	-	-	-	-	306
-	72,251	-	-	-	-	64,318	136,569
15,136	72,444	440,010	36,999	21,000	92,016	89,170	839,967
-	-	-	-	16,128	-	-	16,128
-	65,020	10,000	36,999	-	-	-	180,019
-	-	164,207	-	-	-	-	164,207
-	-	20,304	-	-	-	-	27,652
-	-	77,180	-	-	-	-	77,180
36,714	-	-	-	-	-	-	36,714
-	-	-	-	-	91,002	-	91,002
-	-	-	-	-	-	145,566	145,566
36,714	65,020	271,691	36,999	16,128	91,002	145,566	738,468
(21,578)	7,424	168,319	-	4,872	1,014	(56,396)	101,499
91,440	49,097	34,164	-	13,487	3,286	480,617	691,641
69,862	56,521	202,483	-	18,359	4,300	424,221	793,140

Carroll County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	1,442	210,326	92,265	4,345
Other County officials	26,729	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	233	314	15,864	737
Succeeding year	-	169,000	191,000	10,419,000	509,000
Accounts	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 26,729	170,675	401,640	10,527,129	514,082
Liabilities					
Accounts payable	\$ -	-	7	-	-
Due to other governments	4,758	170,675	398,624	10,527,129	514,082
Trusts payable	21,971	-	-	-	-
Compensated absences	-	-	3,009	-	-
Total liabilities	\$ 26,729	170,675	401,640	10,527,129	514,082

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	E911 Service Commission	Other	Total
58,383	2,120	466,202	100,346	171,586	1,107,015
-	-	-	-	-	26,729
26,708	63	-	-	4	43,923
7,485,000	245,000	-	-	3,000	19,021,000
-	-	-	29,117	-	29,117
-	-	-	461	8,912	9,373
7,570,091	247,183	466,202	129,924	183,502	20,237,157
-	-	-	4,260	14,055	18,322
7,570,091	247,183	466,202	125,664	169,447	20,193,855
-	-	-	-	-	21,971
-	-	-	-	-	3,009
7,570,091	247,183	466,202	129,924	183,502	20,237,157

Carroll County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 20,950	164,416	388,802	10,530,387	492,247
Additions:					
Property and other county tax	-	163,511	184,081	10,034,965	491,478
E911 surcharge	-	-	-	-	-
State tax credits	-	6,448	8,669	414,260	19,527
Office fees and collections	457,043	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	225,373	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	682,416	169,959	192,750	10,449,225	511,005
Deductions:					
Agency remittances:					
To other funds	229,864	-	-	-	-
To other governments	191,774	163,700	179,912	10,452,483	489,170
Trusts paid out	254,999	-	-	-	-
Total deductions	676,637	163,700	179,912	10,452,483	489,170
Balances end of year	\$ 26,729	170,675	401,640	10,527,129	514,082

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License and Use Tax	E911 Service Commission	Other	Total
7,018,877	235,489	430,359	187,457	143,570	19,612,554
7,187,998	236,462	-	-	2,820	18,301,315
-	-	-	193,131	-	193,131
243,866	9,837	-	-	115	702,722
-	-	-	-	-	457,043
-	-	5,511,753	-	-	5,511,753
-	-	-	-	77,982	77,982
-	-	-	-	-	225,373
-	-	-	-	92,464	92,464
7,431,864	246,299	5,511,753	193,131	173,381	25,561,783
-	-	171,090	-	-	400,954
6,880,650	234,605	5,304,820	250,664	133,449	24,281,227
-	-	-	-	-	254,999
6,880,650	234,605	5,475,910	250,664	133,449	24,937,180
7,570,091	247,183	466,202	129,924	183,502	20,237,157

Carroll County

Schedule of Revenues By Source and Expenditures By Function -
All Governmental Funds

For the Last Eight Years

				Modified
	2009	2008	2007	2006
Revenues:				
Property and other county tax	\$ 6,151,523	5,862,009	5,659,130	5,408,304
Local option sales tax	945,460	811,247	940,793	838,355
Interest and penalty on property tax	18,935	41,163	36,749	29,104
Tax increment financing	36,999	-	-	-
Intergovernmental	5,238,692	5,487,048	4,828,731	4,748,882
Licenses and permits	146,138	124,602	86,241	74,338
Charges for service	1,646,789	1,761,086	1,682,553	1,479,616
Use of money and property	321,974	442,342	400,106	299,785
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	694,645	704,791	682,760	905,034
Total	\$ 15,201,155	15,234,288	14,317,063	13,783,418
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,653,229	2,539,995	2,374,712	2,325,097
Physical health and social services	1,039,186	980,801	935,308	939,587
Mental health	2,625,463	3,103,527	3,003,054	2,669,843
County environment and education	1,122,372	1,082,863	914,289	842,254
Roads and transportation	3,775,781	3,758,266	3,581,795	3,407,711
Governmental services to residents	464,272	440,751	430,408	549,691
Administration	1,277,280	1,215,715	1,194,823	1,188,092
Non-program	134,675	233,406	218,443	153,139
Debt service	91,002	127,520	193,531	271,719
Capital projects	559,096	648,873	824,558	770,111
Total	\$ 13,742,356	14,131,717	13,670,921	13,117,244

See accompanying independent auditor's report.

Accrual Basis			
2005	2004	2003	2002
5,096,298	5,129,098	4,996,273	4,830,123
757,912	262,439	-	-
28,243	45,758	35,207	36,890
-	-	-	-
4,775,821	4,632,453	5,011,828	5,074,363
55,143	66,889	77,990	75,044
1,421,620	1,298,488	1,233,218	1,248,698
220,883	184,790	212,256	289,378
3,711	-	-	756
759,629	1,483,180	462,391	360,357
13,119,260	13,103,095	12,029,163	11,915,609
2,090,553	1,991,577	1,978,593	1,920,854
932,524	1,136,692	1,099,460	1,194,390
2,675,722	2,323,078	2,522,514	2,525,443
852,196	1,314,236	785,261	701,166
3,584,619	3,946,971	3,096,413	3,679,075
349,093	349,000	384,115	345,484
1,116,364	1,081,846	1,032,052	921,885
108,309	351,681	273,593	156,320
276,627	37,744	525,732	118,698
1,265,004	1,719,057	1,147,195	790,600
13,251,011	14,251,882	12,844,928	12,353,915

Schedule 6

Carroll County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Agriculture:			
Water and Waste Disposal Systems for Rural Communities	10.760		<u>\$ 315,000</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>13,816</u>
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	05-WS-017	93,561
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	08-CF-002-05	<u>11,680</u>
			<u>105,241</u>
U.S. Department of Health and Human Services:			
Iowa Department on Aging:			
Special Programs for the Aging _ Title III, Part B _ Grants for Supportive Services and Senior Centers	93.044		<u>14,000</u>
Iowa Department of Public Health:			
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283		9,889
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283		<u>1,680</u>
			<u>11,569</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>12,813</u>
Refugee and Entrant Assistance - State Administered Programs	93.566		<u>24</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>3,606</u>
Foster Care _ Title IV-E	93.658		<u>7,759</u>
Adoption Assistance	93.659		<u>1,862</u>
Children's Health Insurance Program	93.767		<u>106</u>
Medical Assistance Program	93.778		<u>16,914</u>
Social Services Block Grant	93.667		<u>8,398</u>
Social Services Block Grant	93.667		<u>71,711</u>
			<u>80,109</u>

Carroll County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1763 DR IA	107,434
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 9999 DR IA	32,001
			<u>139,435</u>
Hazard Mitigation Grant	97.039	HMGP-DR-DR-1727-0002 01	31,710
Emergency Management Performance Grants	97.042		<u>25,087</u>
Total indirect			<u>464,051</u>
Total			<u>\$ 779,051</u>

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Carroll County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

Carroll County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Officials of Carroll County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Carroll County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 10, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carroll County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Carroll County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Carroll County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Carroll County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Carroll County's financial statements that is more than inconsequential will not be prevented or detected by Carroll County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Carroll County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-09 and II-E-09 are material weaknesses.

Compliance and Other Matters

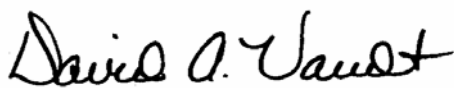
As part of obtaining reasonable assurance about whether Carroll County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

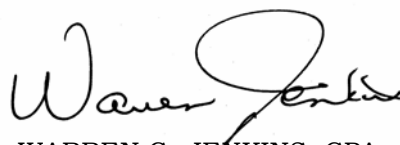
Carroll County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Carroll County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Carroll County and other parties to whom Carroll County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Carroll County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 10, 2010

**Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133**

Carroll County



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Officials of Carroll County:

Compliance

We have audited the compliance of Carroll County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Carroll County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Carroll County's management. Our responsibility is to express an opinion on Carroll County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Carroll County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Carroll County's compliance with those requirements.

In our opinion, Carroll County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

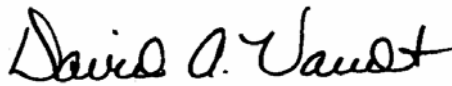
The management of Carroll County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Carroll County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Carroll County's internal control over compliance.

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

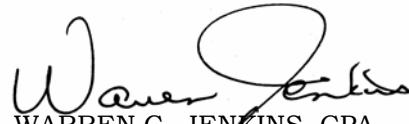
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Carroll County and other parties to whom Carroll County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 10, 2010

Carroll County
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
 - CFDA Number 10.760 – Water and Waste Disposal Systems for Rural Communities.
 - CFDA Number 14.228 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Carroll County did not qualify as a low-risk auditee.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

- II-A-09 Financial Reporting – During the audit, we identified material amounts of capital asset additions and deletions not recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all capital assets are identified and included in the County’s financial statements.

Response – We will send a quarterly email to department heads reminding them to update any additions or deletions to the list of capital assets.

Conclusion – Response accepted.

- II-B-09 Information Systems – Passwords are not periodically changed every 60 to 90 days. The County’s software does not require the user to periodically change log-ins/passwords.

Recommendation – The County should develop written policies to improve the County’s control over computer based systems.

Response – New software will be installed in FY11. Password policy will be reviewed at that time.

Conclusion – Response accepted.

- II-C-09 Board of Health – One individual has custody of receipts and performs all record keeping duties.

Accurate accounts receivable listings were not prepared and retained at month end. Also, amounts billed for Medicare, Medicaid and other reimbursements were not reconciled to collections and accounts receivable.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Board should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Accounts receivable listings should be accurately prepared monthly and retained and a reconciliation of billings, collections and accounts receivable should be prepared monthly.

Response – We will do what we can with limited number of employees. Also, we will record on the listing of the accounts receivable billings the amount collected.

Conclusion – Response acknowledged. A list of unpaid billings should be prepared at the end of the month. Also, a reconciliation of billings, collections and accounts receivable should be prepared monthly.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

- II-D-09 Carroll County Ambulance Department – The Ambulance Department bills for services provided. Collections for those services are remitted directly to the County Treasurer's Office. The County Treasurer's Office prepares a receipt for accounting and sends a copy of each receipt to the Ambulance Department. The Ambulance Department records each receipt in its computer system. The Ambulance Department does not reconcile the collections recorded in its accounts receivable computer software with the actual collections recorded by the County Treasurer in total each month.

Recommendation – The Ambulance Department should reconcile the collections recorded in its accounts receivable computer software with the actual collections recorded by the County Treasurer in total each month. Also, the Ambulance Department should request a month end cut-off report of collections from the County Treasurer which are collected but not posted to the Ambulance Department's accounts receivable computer software and will be included as a reconciling item. In addition, the Ambulance Department should document a reconciling item for Medicare and Medicaid revenues and electronic funds transfers which are posted as collected on the Ambulance Department's accounts receivable computer software but are not included as collected with the County Treasurer.

Response – The Ambulance Department has reconciled these reports each week at the Ambulance Department. Now, we will report this reconciliation monthly. The timing problem or end of month cut-off will now be a written report attached with the monthly balancing report.

Conclusion – Response accepted.

- II-E-09 County Sheriff – One individual in the Sheriff's Office collects cash, prepares the deposit and prepares the monthly bank reconciliations. Also, one individual in the Sheriff's Office collects, records, deposits and reconciles the Commissary account.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Sheriff's Office should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – The jail supervisor and trust clerk will be involved in the completion and review of the monthly bank reconciliations. We will do what we can with segregation of duties for receipts with a limited number of staff.

Conclusion – Response accepted.

- II-F-09 Jail Commissary – Jail commissary profits were used to purchase non-commissary type items, such as equipment.

Recommendation – All non-commissary expenditures should be paid by claims approved by the Board of Supervisors and should be reflected in the County's accounting system, County budget and annual financial statements.

Response – The profits will be remitted regularly to the County Treasurer with some of the funds being used to pay for items used by the prisoners.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Conclusion – Response acknowledged. All non-commissary expenditures should be included in the Sheriff's Department budget and be paid for by claims approved by the Board of Supervisor.

- II-G-09 County Recorder – One individual in the Recorder's Office collects cash, prepares the deposit and prepares the monthly bank reconciliations.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Recorder's Office should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – The Recorder's Office is a two person office. The Recorder and Deputy cross check deposits, the monthly bank reconciliations and the daily spreadsheets.

Conclusion – Response acknowledged. However, duties should be segregated to the extent possible under the circumstances.

- II-H-09 Carroll County Conservation Foundation – No evidence of the monthly reconciliation of the Conservation Foundation's books to the bank accounts is maintained.

Recommendation – To improve financial accountability and control, a monthly reconciliation of the book and bank balances should be prepared and retained. Any variances should be investigated and resolved in a timely manner.

Response – A monthly reconciliation has always been done, but a report was not printed. As requested, a monthly report is now printed.

Conclusion – Response accepted.

INSTANCE OF NON-COMPLIANCE:

No matters were reported.

Carroll County
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 Certified Budget – Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted or the amounts appropriated.

IV-B-09 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-09 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-09 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Peggy Weitzl, County Treasurer, wife of owner of Weitzl Tiling	Backhoe, tile and labor	\$ 423
Kourtney Irlbeck, Auditor's Office Clerk, wife of owner of S.I. Auto Body.	Ambulance Repair	776

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions above do not appear to represent conflicts of interest since total transactions per individual were less than \$1,500 during the fiscal year.

IV-E-09 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-09 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-09 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

- IV-I-09 Conservation Debt – The Conservation Board discussed entering into a debt agreement with the Iowa Natural Heritage Foundation (Foundation) for the acquisition of two 40 acre parcels of land and did not take action on a debt agreement in the minutes. The Conservation Director signed a non-current debt agreement with the Foundation for the acquisition of land without the Carroll County Board of Supervisors approval being documented in the minutes.

Chapters 331.478 and 331.479 of the Code of Iowa require that before non-current debt can be incurred, a notice of the proposed action, including a statement of the amount, purposes and form of the debt, the proposed time of its liquidation and the time and place of the meeting at which the Board proposes to take action to authorize the debt shall be published. At the meeting, the Board shall receive oral and written objections before action is taken to authorize the debt or abandon the proposal. The Carroll County Board of Supervisors did not have a public hearing to enter into the non-current debt.

Recommendation – The County should consult legal counsel for the disposition of this matter.

The County should comply with Chapters 331.478 and 331.479 of the Code of Iowa before non-current debt is authorized.

Response – The County will consult legal counsel for the disposition of this matter. The County will also comply with the Code of Iowa before entering into any new debt.

Conclusion – Response accepted.

- IV-J-09 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

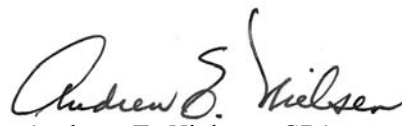
Disbursements during the year ended June 30, 2009 for the County Extension Office did not exceed the amount budgeted.

Carroll County

Staff

This audit was performed by:

K. David Voy, CPA, Manager
Donald J. Lewis, CPA, Senior Auditor
Keith C. Kistenmacher, Staff Auditor
Jeana R. Muhlbauer, Assistant Auditor
Nancy J. Umsted, Auditor Intern

A handwritten signature in black ink, reading "Andrew E. Nielsen". The signature is fluid and cursive, with the first name "Andrew" and last name "Nielsen" clearly legible.

Andrew E. Nielsen, CPA
Deputy Auditor of State